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Selected Speeches and News Releases

July 7 - July 14, 1988

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Remarks

U.S. Department of Agriculture • Office of Information

Prepared for delivery by the Secretary of Agriculture Richard E. Lyng before the U.S. Agricultural Communicators' Congress July 11, in Washington, D.C.

Perhaps never before in the history of the United States has there been a July 11 on which so much uncertainty remained as to the true supply and demand situation for U.S. agricultural products, both for the present day and the future.

Thus far, for May and June, a greater portion of the country suffered from some degree of drought stress than at any point in our history of record-keeping, which dates from 1895. Each and every one of the 48 continental United States has had sections of its farmland severely affected by the drought.

The 1988 severe to extreme drought area continued to expand in early July because of the combination of record heat and limited rainfall. As of July 1, the area receiving less than 50 percent of normal rainfall from April 1 through June 30 is greater than in 1934, 1936 and 1925. This area of less than 50 percent of the normal cumulative rainfall now extends from the Great Lakes through the central and eastern Corn Belt to the norther Delta region.

On July 2, about 35 percent of the contiguous United States was in the severe to extreme drought category as indicated by the Palmer Drought Index. The Palmer Drought Index in the severe to extreme drought category covered a maximum area of over 60 percent of the nation in 1934 and over 50 percent of the nation in August 1954. Because of the large early season area now experiencing drought in the U.S., 1988 appears to have the potential to approach or exceed the drought affected areas of the 1930s and 1950s.

In combination with the extreme heat we have had this year, the severe drought has been doubly harmful. There is no question about it, crops have already been seriously damaged. Each day the drought and the heat is growing in intensity. Although we will not know the full extent of the damage until the end of the normal growing season it is already clear that losses will be severe and in some areas, catastrophic.

Tomorrow, July 12, we will be releasing the July Crop Production report and the July World Agricultural Supply and Demand Estimates report. The July supply and demand estimates have in the past been based on trend yields and the amount of acreage planted; this year, we will adjust the estimates for the impact of the drought, taking into account crop conditions, information from past droughts, and other projections. This should provide us with some idea, tentative though the information may be, of the damage up to July 1st.

This severe drought raises all kinds of questions. Primary among these questions is: What can be done to spare, or to assist, the farmers who have suffered severe losses? Well, Washington has been abuzz with proposals already—prescribing ways to assist farmers. Some steps have been taken by USDA and other federal government organizations. There is a strong feeling of concern about the drought and the need for government responsiveness. This is true regardless of party or government branch. The President has insisted that I keep him fully informed as have governors and members of Congress.

Farmers will suffer from this drought throughout the United States, from the East Coast to the West Coast; from the Great Lakes area to the Gulf of Mexico; from the corn belt to the irrigated valleys of the Pacific states.

Even with this severe drought, the United States will have an adequate supply of food grains and feed grains. Despite this severe drought, we will be able to take care of our domestic needs and our export demand. Total consumption of our 1988 crop will probably be somewhat lower than previously expected because prices are quite a lot higher. But, it is important to note that we will have no shortages, that we will still be able to accommodate the needs of our overseas buyers.

Once in a while, the question comes up: Will we interfere with or the restrict the export sales of this or that commodity? Let me make this perfectly clear: The United States will not, ever again, interrupt or restrict the sale of foods or agricultural products because of locally-high prices. President Reagan made this abundantly clear in the Reagan Doctrine which he enunciated in March of 1982.

Let me read just a portion of the Reagan Doctrine:

The agriculture export policy of the United States will ensure three essential priorities. First, no restrictions will be imposed on the exportation of farm products because of rising domestic prices. Farm

prices go up, and farm prices go down. High prices signal market-oriented farmers to produce more, and they will if we allow them to compete freely in export markets. This is best for everyone from farmer to consumer ...

Second, farm exports ... will not be used as an instrument of foreign policy except in extreme situations and as part of a broader embargo ...

Third, world markets must be freed of trade barriers and unfair trade practices ...

The United States will continue to be a major player in world agriculture, and I think we can count on a recovery from this severe drought next year. There may be a need for some modifications in our acreage reduction programs to help rebuild some of our stocks, but we should be able to bounce back from this setback in 1989.

Even in this very difficult year for agriculture, there are a number of outstanding farmers and ranchers out there doing their very best to protect and improve their soil and water resources.

I'm very pleased to announce that tomorrow at 1:30 p.m. there will be a press briefing to let all of you know that an outstanding conservation farmer or rancher from each state has been selected for special recognition. The National Endowment for Soil and Water Conservation sponsors this important program, with the fine support of the Du Pont Company.

For many weeks we have been saying that it is still too early to know the full extent of the drought losses. That situation still prevails, and it will be another few weeks before the full extent can be accurately estimated.

Suffice now to say that the losses are extreme, and that all of us in this country have concern and compassion for those farmers who have been hurt so vitally by this dreadful event.

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News Releases

U.S. Department of Agriculture • Office of Information

USDA COUNTY ASC COMMITTEES GIVEN DISASTER DESIGNATION AUTHORITY

WASHINGTON, July 7—The U. S. Department of Agriculture announced today that its county Agricultural Stabilization and Conservation committees are now authorized to declare their counties eligible for aid under the Emergency Feed Program and the Emergency Feed Assistance Program.

Milton Hertz, administrator of USDA's Agricultural Stabilization and Conservation Service, said that each ASC committee will have the authority to make the declaration based on a determination of substantial feed loss in the county.

Previously, the procedure for designating counties eligible for assistance under the two feed programs required the county ASC committee to submit a request for such aid to its state ASC committee. If the state ASC committee approved, it then forwarded the request to the ASCS deputy administrator for state and county operations in Washington, D.C., who made the final decision of approval or disapproval.

Eligible producers under the Emergency Feed Program may receive government cost-share assistance for the purchase of grain for livestock feed.

Under the Emergency Feed Assistance Program, federal government owned grain is sold to eligible producers at 75 percent of the county loan rate.

Further details are available from county offices of the Agricultural Stabilization and Conservation Service.

Robert Feist (202) 447-6789

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USDA ANNOUNCES 1988-CROP CORN AND SORGHUM LOAN AND PURCHASE RATES

WASHINGTON, July 7—The U.S. Department of Agriculture's Commodity Credit Corporation has set county loan and purchase rates for the 1988 crops of corn and sorghum.

The support rates were determined in accordance with the Agricultural Act of 1949, as amended and reflect changes in the national average price support rates. Some county price support rates were adjusted to reflect location and transportation costs and other factors. These adjustments were limited to a two percent change, in addition to the change in the national average price support rate, from the county price support rates for the 1987 crop.

Copies of the corn and sorghum county rate schedules are available from the Cotton, Grain and Rice Price Support Division, USDA-ASCS, PO Box 2415, Washington, D.C. 20013.

Celestine Ware (202) 382-9880

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USDA INCREASES COOPERATION WITH THE UNIVERSITY OF MARYLAND-EASTERN SHORE

WASHINGTON, July 7—The U.S. Department of Agriculture's Office of International Cooperation and Development and the University of Maryland- Eastern Shore (UMES) have signed an agreement to increase cooperation on agricultural development programs worldwide.

The two institutions will combine their professional and technical resources in agricultural research, education, and training to plan and implement development projects that will enhance agricultural self-reliance in developing countries.

“USDA is committed to increased working relationships with historically black 1890 land grant institutions,” said OICD Administrator Joan S. Wallace. “The University of Maryland-Eastern Shore will be an excellent partner for OICD. The school offers degree programs in agriculture and related areas such as human ecology, agribusiness, and animal and plant sciences, and their significant work with the U.S. small farmer and diversified cropping systems gives them a special expertise to address agricultural issues in Third World countries,” she said.

UMES President William P. Hytche said increased collaboration between OICD and UMES on agricultural development issues not only will forge a stronger bond and productive working relationship, but can also have a positive effect on the U.S. farm economy as well as the economies of less developed countries around the world.

Through this ongoing relationship, OICD and USME will jointly identify and agree on the specific projects to be initiated.

The agreement also provides for the exchange of scientists and for student and faculty internships as well as a means for UMES students to learn more about USDA and career choices in agriculture and for USDA to recruit agriculturalists.

The agreement will be managed by OICD's special assistant to the assistant administrator for research and development and UMES's dean of the school of agriculture.

Laura Whitaker (202) 653-7589

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USDA AUTHORIZES GROUND PORK PURCHASES TO HELP OFFSET DROUGHT IMPACT

WASHINGTON, July 11—To help hog producers hurt by the drought, the U.S. Department of Agriculture today announced plans to purchase ground pork for domestic food assistance programs.

Secretary of Agriculture Richard E. Lyng said the purchases will provide needed market assistance to the nation's hog producers, who are facing sharply increased feed costs and declining hog prices. He said the purchases of ground pork will also help stabilize conditions in the commodity markets, which have reacted strongly to the drought news recently.

Lyng said purchases, using a portion of an additional \$50 million in Section 32 funds which USDA set aside to help cattle and hog producers during the drought, are planned on a weekly basis beginning in late July.

Under authority of Section 32 of Public Law 74-320, USDA's Agricultural Marketing Service purchases temporary surpluses of commodities for donation to schools, institutions, and other eligible food programs. These purchases are funded from customs receipts.

George Clarke (202) 447-8998

USDA APPROVES VACCINATION OF BIRDS IN QUARANTINE

WASHINGTON, July 12—The U.S. Department of Agriculture has amended its regulations to permit birds held in privately operated commercial bird quarantine facilities to be treated against a wide variety of exotic diseases, such as parrot pox, beak and feather syndrome, psittacosis and reovirus hepatitis, by vaccines in experimental stages of development.

“We believe that permitting this vaccination will increase the survival rate of imported birds without interfering with detection of exotic diseases that are threats to U.S. poultry and other birds,” said James W. Glosser, administrator of USDA’s Animal and Plant Health Inspection Service.

All imported birds except those from Canada must be quarantined upon arrival at a U.S. port to prevent the entry of exotic pests and diseases that could threaten U.S. agriculture. These birds must remain for at least 30 days in a quarantine facility where they are observed and tested.

Under the new rule, only licensed veterinarians under the supervision of a USDA veterinarian employed by APHIS can be authorized to vaccinate the birds in question. Available evidence indicates that vaccination will increase the survival rate of imported birds without interfering with procedures used to isolate exotic Newcastle disease, avian influenza and other viruses of poultry.

Notice of this action will be published in the July 13 Federal Register and will become effective August 12.

Pat Rogers (301) 436-7776

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USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES

WASHINGTON, July 12—Acting Under Secretary of Agriculture Richard W. Goldberg today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

- long grain whole kernels, 10.98 cents per pound;
- medium grain whole kernels, 10.17 cents per pound;
- short grain whole kernels, 10.08 cents per pound;
- broken kernels, 5.49 cents per pound.

Minimum loan repayment rates for 1987-crop loans are the higher of

the world price or 50 percent of the loan rate. For 1988-crop rice, the minimum repayment rates are the higher of the world price or 60 percent of the loan rate.

Based upon these prevailing world market prices for milled rice, rough rice world prices are estimated to be:

- long grain, \$6.61 per hundredweight;
- medium grain, \$6.32 per hundredweight;
- short grain, \$6.13 per hundredweight.

The prices announced are effective today at 3:00 P.M. EDT. The next scheduled price announcement will be made July 19, 1988 at 3:00 P.M. EDT, although prices may be announced sooner if warranted.

Gene Rosera (202) 447-5954

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USDA REVISES COUNTRY, COMMODITY PUBLIC LAW 480 ALLOCATIONS FOR FISCAL 1988

WASHINGTON, July 13—The U.S. Department of Agriculture today issued revised country and commodity allocations for fiscal year 1988 under Titles I/III of Public Law 480—the Food for Peace Program.

Acting Under Secretary of Agriculture Richard W. Goldberg said current program plans provide for distribution of \$761.2 million in commodity shipments, changed from \$782.7 million the previous quarter. Of the current amount, \$759.1 million is presently allocated and \$2.1 million is being held in a reserve to furnish commodities for unforeseen needs during the remainder of the fiscal year.

Goldberg said there has been an increase in the allocations for El Salvador, Ghana, Indonesia, Jamaica, Kenya, Peru, Tunisia, Yemen and Zaire. The allocation for Senegal has been withdrawn and a new country, Uganda, has been identified for an allocation. Also, some minor revisions have been made to the commodity composition of the table.

The revised allocations meet the requirement of Section 111 of P.L. 480, which directs that not less than 75 percent of food-aid commodities be allocated to friendly countries that meet the per capita income criterion for lending by the International Development Association. Currently the countries in this category are those with an annual per capita gross national product of \$835 or less.

Goldberg said the program takes into account many variables including commodity and budget availabilities; changing economic and foreign policy situations, including human rights assessments; potential for market development; fluctuations in commodity prices; availability of handling, storage and distribution facilities; and possible disincentives to local production.

Except for agreements already signed, these allocations do not represent final U.S. commitments or agreements with participating governments. Situations still may develop which could cause a further change in country and commodity allocations, Goldberg said.

Title I of P.L. 480 is a concessional sales program designed to promote exports of agricultural commodities from the United States and to foster economic development in recipient countries. The program provides loans of up to 40 years, with a grace period of up to 10 years and low interest rates.

Title III provides for the forgiveness of the debt incurred under Title I, based on accomplishments in food for development programs and projects agreed upon by the United States and recipient countries.

Additional technical information on the P.L. 480 program is available from Mary Chambliss of USDA's Foreign Agricultural Service, (202) 447-3573.

Sally Klusaritz (202) 447-3448

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USDA AUTHORIZES DONATION OF HAY BY FARMERS IN NON-DROUGHT STRICKEN AREAS

WASHINGTON, July 13—Secretary of Agriculture Richard E. Lyng said today producers in counties not suffering from drought may harvest hay under various annual acreage reduction programs and the 10-year Conservation Reserve Program if they donate the hay to farmers in drought stricken areas.

Previously hay could only be taken from land in counties approved for emergency haying or grazing of such acreage due to drought.

A producer who wishes to donate such hay should contact the local Agricultural Stabilization and Conservation Service office for harvesting permission, Lyng said.

Following harvesting of hay from this acreage, the producer must donate the hay through a designated state agency engaged in drought relief efforts. The producer must also obtain certification from this state agency that the hay has been donated and file the certification with the local ASCS office.

Robert Feist (202) 447-6789

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USDA ADDS NEW LENTIL GRADE

WASHINGTON, July 13—The U.S. Department of Agriculture's Federal Grain Inspection Service announced that a U.S. Number 3 lentil grade designation will be added to the U.S. Standards for Lentils. Currently the U.S. lentil standards include Number 1, Number 2 and sample grade designations.

The new grade is being established to bring the U.S. lentil standards in line with standards used by major lentil exporters in the world market. The American Dry Pea and Lentil Association, which represents the majority of users of the U.S. lentil standards, endorsed the addition of the Number 3 grade.

The standards for Number 3 lentils are the same as for Number 2 except that limits for defective lentils total, heat-damaged lentils, and skinned lentils are slightly increased.

In order to implement the new grade before the harvest of the 1988 crop, Aug. 1 has been established as the effective date.

For more information, contact Lewis Lebakken Jr., Management Improvement and Information Programs, USDA, FGIS, P.O. Box 96454 Room 0632-South Building, Washington, D.C. 20090-6454; telephone (202) 382-0219.

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